



American Society of Military Comptrollers

Professional Development Institute 2003 Impact of the BMMP and BEA on DoD's Logistics

Imagine If...



...we could more readily

**...identify
chemical
warfare experts
through an
integrated
employee
information
profile**



**...issue
supplies in a
timely manner
with reduced
paperwork**



**...know what
munitions are
available in any
given place at
any given time**



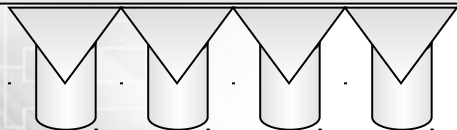
**...purchase
land and build
a youth center
to support a
military family
housing
community in
less time**



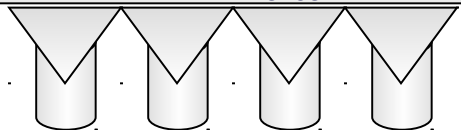
The Need for Change is Clear

- **Services and Agencies have individual processes and over 2000 supporting systems that focus primarily on their own operations**
- **Results are:**
 - **Costly, redundant and inefficient management of DoD resources**
 - **Accurate, reliable, timely, and informed management decision-making not supported DoD-wide**

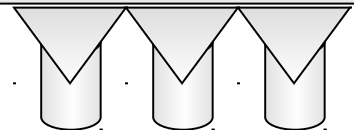
Combatant Commanders



Services



Agencies





Top Leadership is Critical to Success

"We simply have to transform this place. It is every bit as important to the success of the global war on terrorism as the other things we're doing."

-Secretary of Defense Donald Rumsfeld



"It's a key element in the secretary's efforts to transform this department.... transformation has been viewed as new weapons systems or communications, or even culture.... but there's another one, too, and that's transforming the way we do business in this place."

-Under Secretary of Defense (Comptroller) Dov Zakheim



DoD has Established the Business Management Modernization Program to Realize the Vision

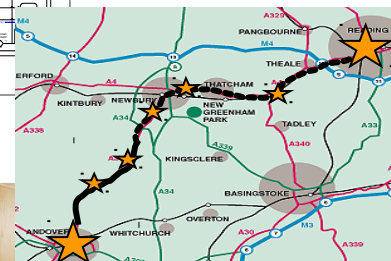
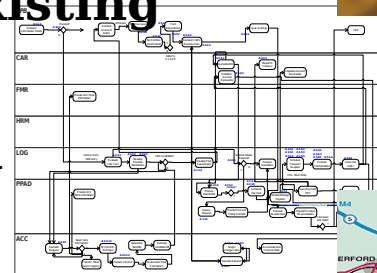
- This program is chartered to:
 - Transform and modernize business processes across DoD
 - Standardize and integrate processes enabled by technology and systems
 - Capitalize on DoD strengths and infuse leading practices into DoD operations
- *What the program is not:*
 - A Finance and Accounting effort
 - A “systems” effort

SECDEF TOP 10 INITIATIVES

- #1 Pursue Global War on Terrorism
- #2 Strengthen Joint Warfighting Capabilities
- ⋮
- #8 Homeland Security
- #9 Streamline DoD Processes
 - Shorten PPBS and acquisition cycle time
 - Financial Management Reform**
 - Shorten all DoD processes by 50%
- #10

DoD Approach

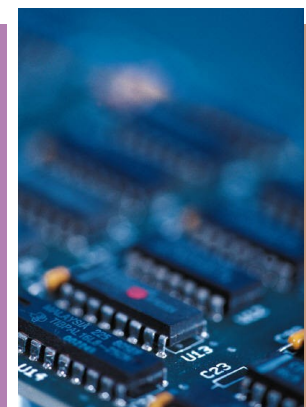
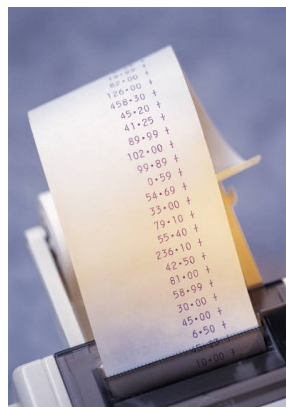
- The vision is realized through the development of an *enterprise architecture*, a list of business, technical and systems requirements that create a “blueprint” for building and connecting new and existing processes and systems
- End-to-end *business scenarios* have been designed to provide functional business process validation
- A *transition plan* lays out the key high level tasks which must be accomplished to implement the architecture
- Activities, business rules and requirements in the architecture have been grouped by business area, or *domain*
- Domain leaders will lead the *transformation* and coordinate the implementation of changes consistent with the architecture in partnership with BMSI and in accordance with the established governance model



Realizing the Transformation

The Seven Domains

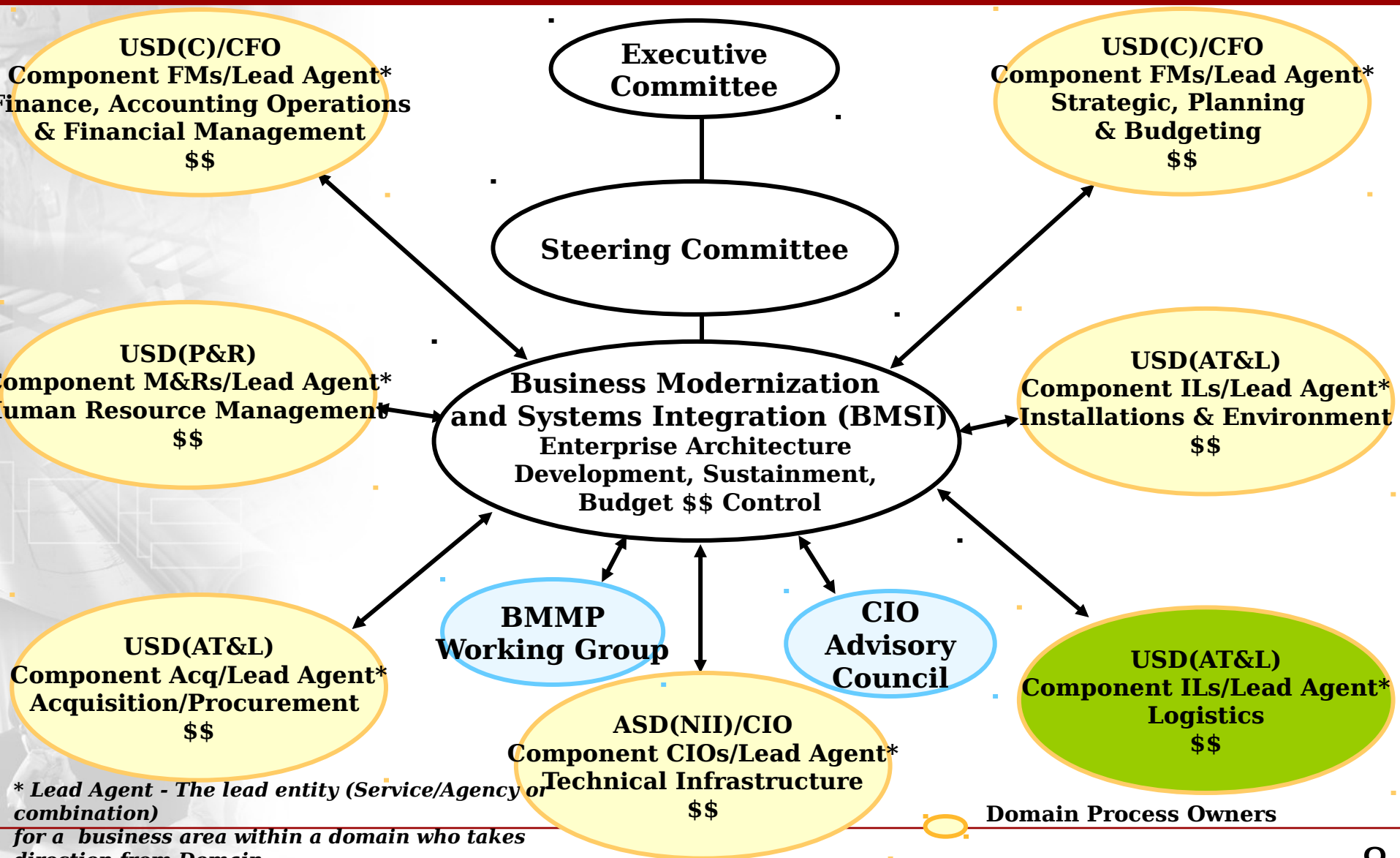
- **Logistics**
- **Acquisition/Procurement**
- **Installations and Environment**
- **Human Resources Management**
- **Finance, Accounting Operations and Financial Management**
- **Strategic Planning and Budgeting**
- **Technical Infrastructure**



Leadership in DoD's business areas, or Domains, will be responsible for coordinating and managing the transformation throughout DoD



Leading the Transformation





BMMP Domains Roles & Responsibilities

- **Leading business transformation**
- **Establishing and maintaining a governance process to ensure representation of the Services, Defense Agencies, DoD Field Activities, and appropriate Federal Agencies**
- **Performing system reviews and approving initiative funding as part of portfolio management**
- **Developing the architecture**
- **Enforcing compliance with the BEA and transition plan**
- **Guiding execution activities**
- **Representing the Domain on cross-Domain issues**

DoD Logistics

- **Employ over 1 million people and engage over 80,000 industrial providers**
 - 600,000 personnel are deployable
- **Structured to win the Cold War**
 - Multi-echelon inventory and maintenance
 - Large, capital-intensive footprint
- **Consume over \$85B/year**
 - 80 percent committed to weapon system support
 - Limited correlation between input and output



When we say logistics we mean the biggest supply chain in the world.



Huge Challenges Huge Opportunities

- **Weapon system reliability designed to 75-85% range**
 - Challenges the support of rapid force projection
- **Estimated weapon system sustainment cost of \$67B**
 - Unable to link cost to performance
- **Average wait time of 16 days for repairable parts**
 - Disconnects across logistics functions
- **World-class organic and commercial maintenance capabilities**
 - Competing rather than cooperating

The Future Logistics Enterprise vision is for the most effective logistics organization ever deployed.



Change drivers

Quadrennial Defense Review

- Deploy in 7-14 days
- Implement performance-based logistics
- Achieve industry performance standard

Combatant Commanders

- Noble Eagle
- Enduring Freedom
- Iraqi Freedom

DoD Logistics

- \$88B+/year
- Over 1 million people
- 16-day customer wait time
- Over 600 disparate systems

Related DoD

- Financial Reform
- Business Improvement Council
- Defense Business Board

Service Initiatives

- Product support
- Footprint reduction
- Customer wait time

**FLE
Focus**

Near-Term Results

- Weapon system support
- End-to-end warfight support
- Enterprise integration

End Game

- More force on target
- Faster
- At less cost

The Future Logistics Enterprise Vision is the Roadmap to Transformation



The Objective

*To provide
Responsive and
Affordable
Logistics Support
to ensure a ready,
and sustainable
Total Force
across the full
spectrum of
military
operations*



Quadrennial Defense Review (QDR)

"Logistics... is the foundation of combat power."

Joint Doctrine Capstone and Keystone Primer

Future Logistics Enterprise Vision



- **Continuous improvement on existing world-class Logistics chain is what we owe the warfighter**
- **Harmonization of logistics systems and information systems creates efficiencies and improved performance overall**
- **Improvements in supply chains are made through improvements in processes**

Future Logistics Enterprise is about delivering effective Logistics to the Warfighter, not about having one organization in charge



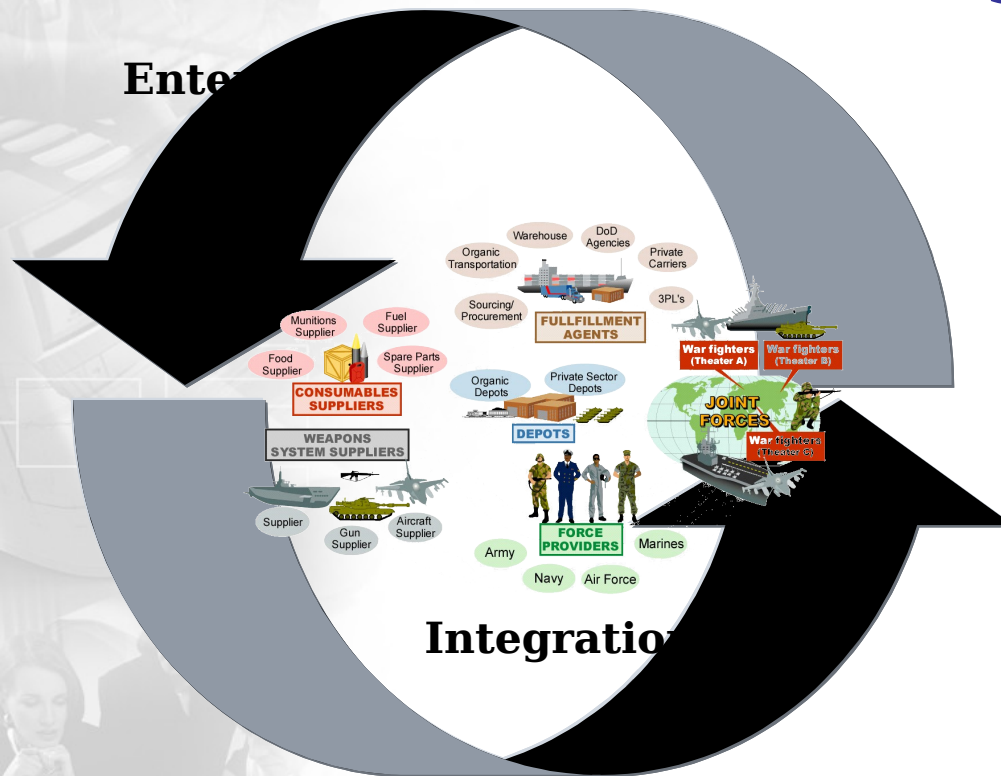
What Must We Do?

- **Implement commercial best practices for weapon system support**
 - End-to-end accountability (total life cycle systems management)
 - Strategic partnering
 - Demand capture at source (conditioned-based maintenance⁺)
- **Implement end-to-end warfighter support**
 - Commercial distribution model and standards
 - End-to-end accountability for combat commodities
- **Integrate the logistics enterprise to support the joint warfighter**
 - Processes focused on output
 - Enabled by proven COTS capabilities

The Strategy For Success



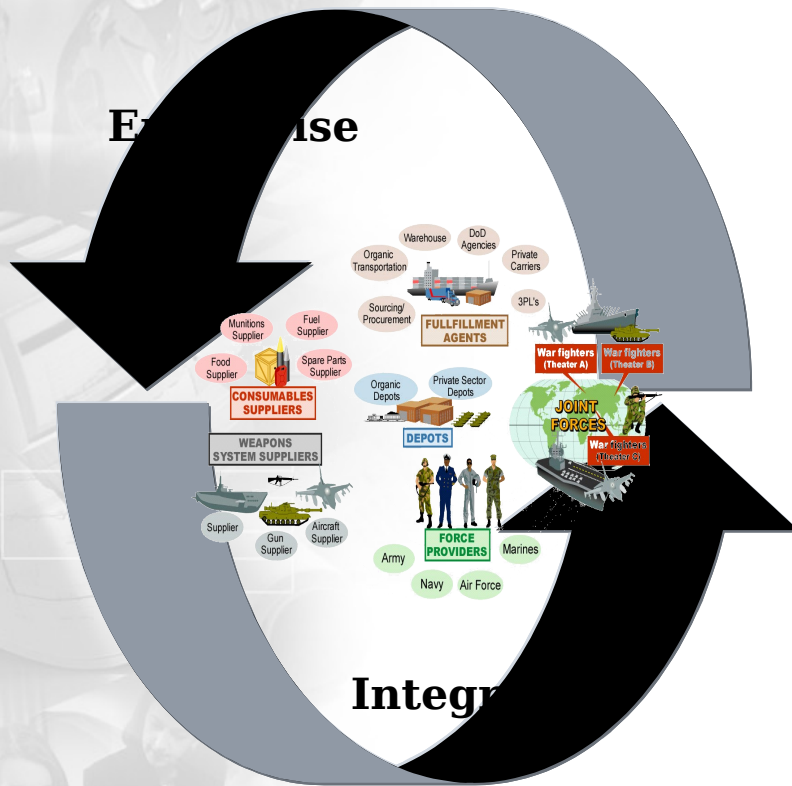
Develop a Logistics Enterprise Architecture that allows interoperability within and across DoD elements



Supporting Elements:

- **Change Management**
- **Collaborative Oversight - to Address Complexity and Culture**
- **Focus on BPR - vs. changing COTS Software**
- **Phased Implementation**
- **"80/20 Rule"**
- **Portfolio Management**
- **Leverage Commercial Knowledge Base**

Transformation is about Process Improvements



Change Management is Critical

- Commercial best practices for supply chains are built around partnerships with suppliers and customers and management of requirements
- Process orientation, not stovepipes and silos
- Not legacy knowledge and tradition

Senior Leadership is a Requirement

- Supply chain integration is a business problem, not an IT problem
- Committed champions, not interested bystanders

Domain Engagement Model



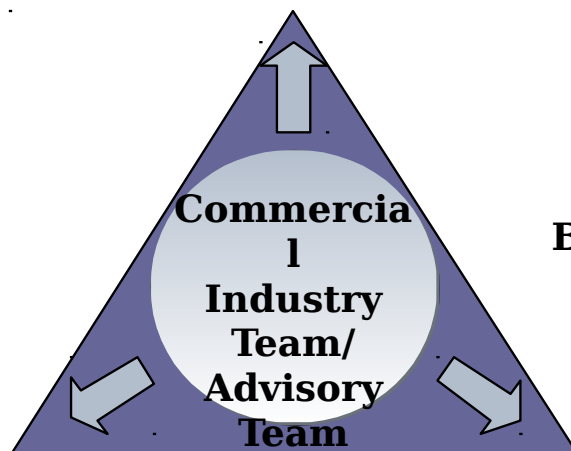
Triangle Groups

DUSD(L&MR) “Guided” Groups focused on achieving FLE through Enterprise Integration

Commercial Industry Team:
One Rep (CIO, Exec Sponsor, VP Logistics, CEO etc) from selected companies that provide input/advice to each of the groups on varying topics

Program Implementation Group - PIG

“Do it Right and Fast”
Best Implementation Practices
Lessons Learned
Infrastructure
Integrated Schedule
EI Toolkit
Modernization Programs Education and Training
RICE
Security



Change Management Group - CMG **“Make it Stick”**

Focus on:

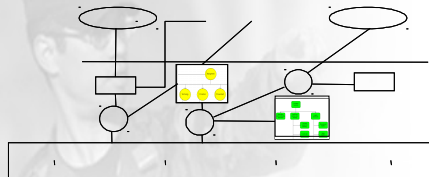
Coordination with JLB
Change Management
Policy changes
Communications/Public Relations, I
Organizational Readiness

Best Business Practices Group - BBPG

“Reengineer for Success”
Focus on:

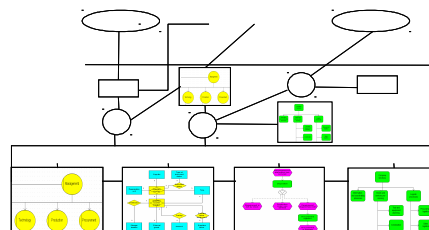
Architecture
Balanced Scorecard - KPI/Metrics
COTS Product Exploitation
Business Process Reengineering
End-to-End Processes
Roles/Org Model
Logistics Education

Logistics Domain Governance

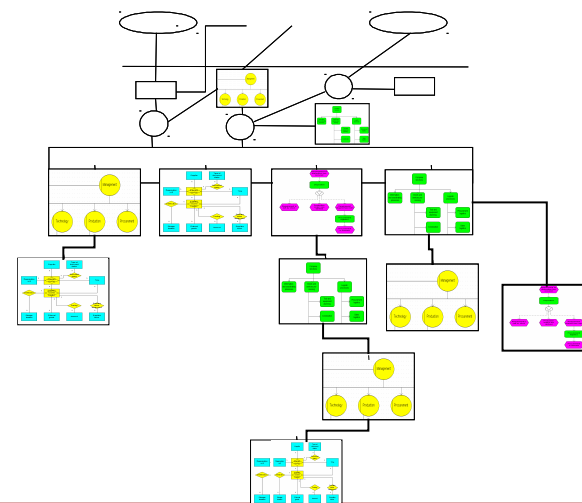


**FMEA with
“plugs” to
Functional
Areas**

**FLE-based Log
Component of
FMEA with
“plugs” to
Service &
Agency
Enterprise
Components**



**Service & Agency
Enterprise
Components
Consistent with
FMEA
(Under OSD
Guidance and
Direction)**



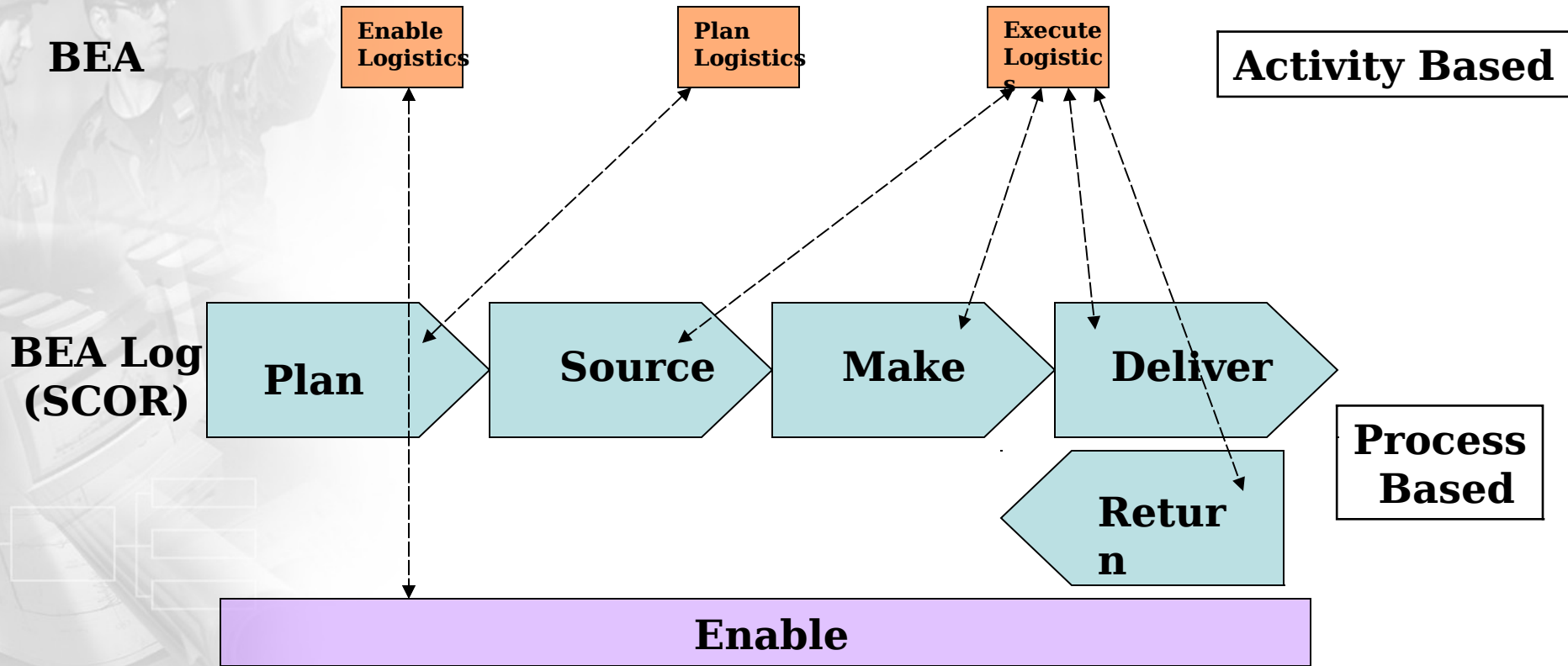
- Drives the Systems
- Drives the Portfolio



Importance of Logistics Architecture to Domain Governance

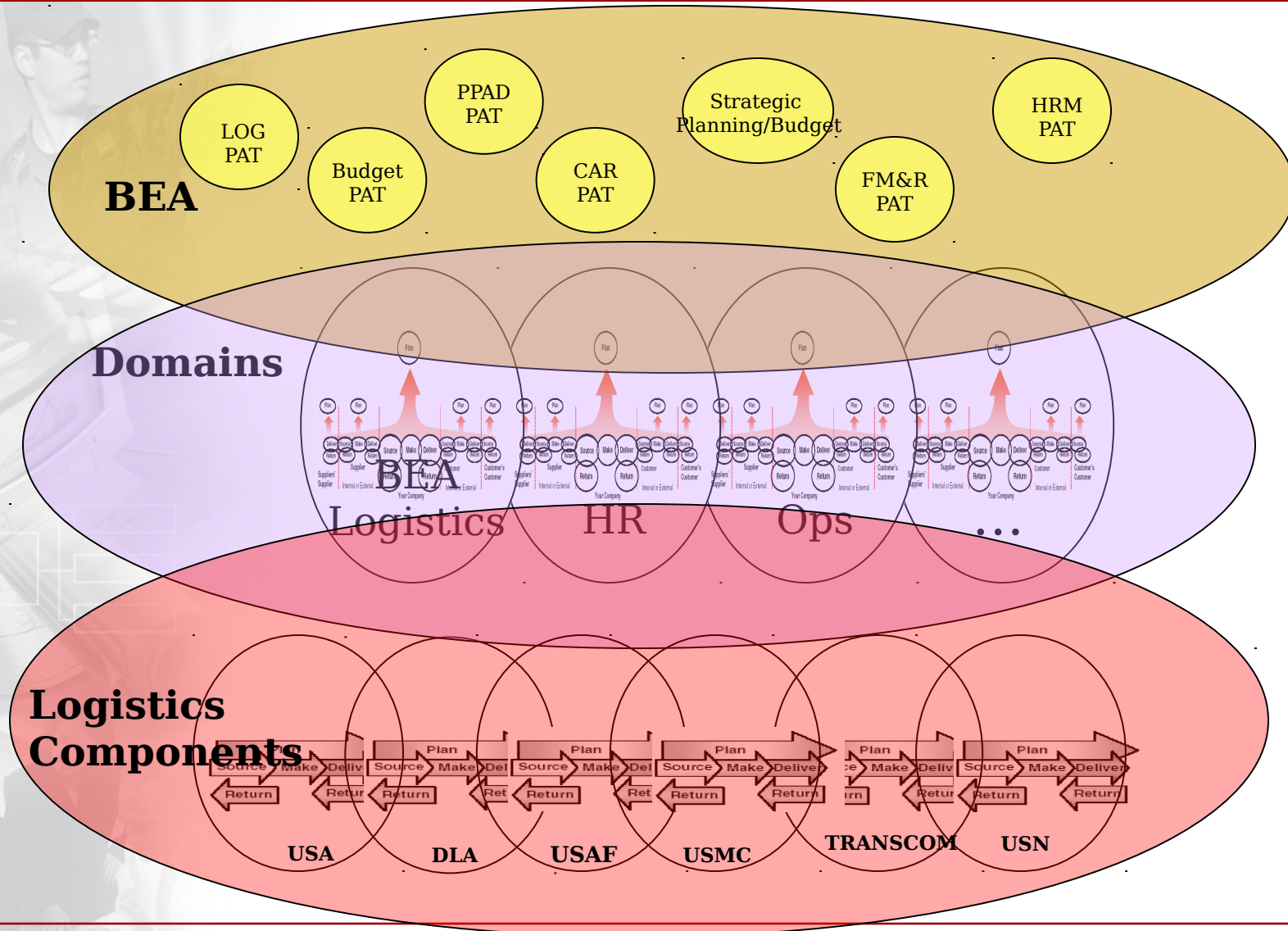
- **Defines the logistics domain**
 - Defines and establishes boundaries and interfaces for the Components
 - Defines Component compliance requirements
- **Configures the logistics chain based on performance**
 - Key Performance Indicators (KPIs) encourage Components to seek leading practices to obtain desired performance
 - Governs via performance-based application of law, regulation, and policy
 - Establishes the Scorecard as the performance control and feedback mechanism
- **Is the foundation for logistics portfolio management**
 - Validates mission requirements
 - Establishes IT investment strategy (the Budget)
 - Positions the Components for rapid selection and deployment of COTS processes

Extending the Logistics BEA to the Domain



Process Based Modeling is Critical to Logistics Enterprise Integration

Governance Guides Components Modeling



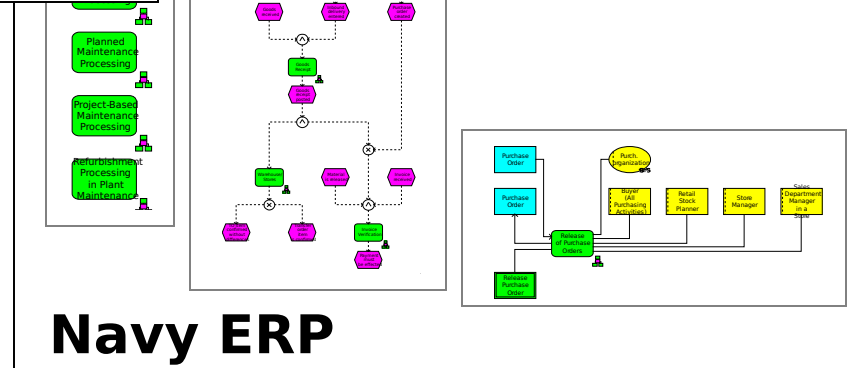
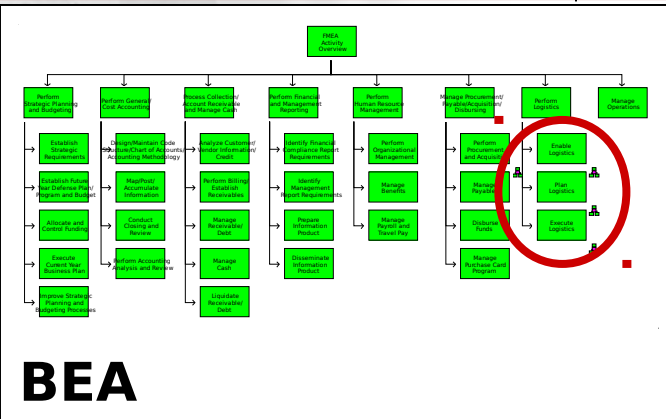
Principles for extending Logistics BEA to the Components



- **Provide useful guidance without inhibiting innovation by users of the Operational Architecture (OA).**
 - Be descriptive but not prescriptive
 - Ensure interoperability across organizational boundaries
- **Evolve as priorities, strategies, and technologies change over time**
- **Take advantage of commercial and government best practices (e.g., Supply Chain Operations Reference Model (SCOR), C4ISR)**
- **Maintain business process-centric view as opposed to data- or organizational-centric views**

Provide added value to the Warfighter

Demonstrating Component Architectural Compliance



DoD Enterprise View

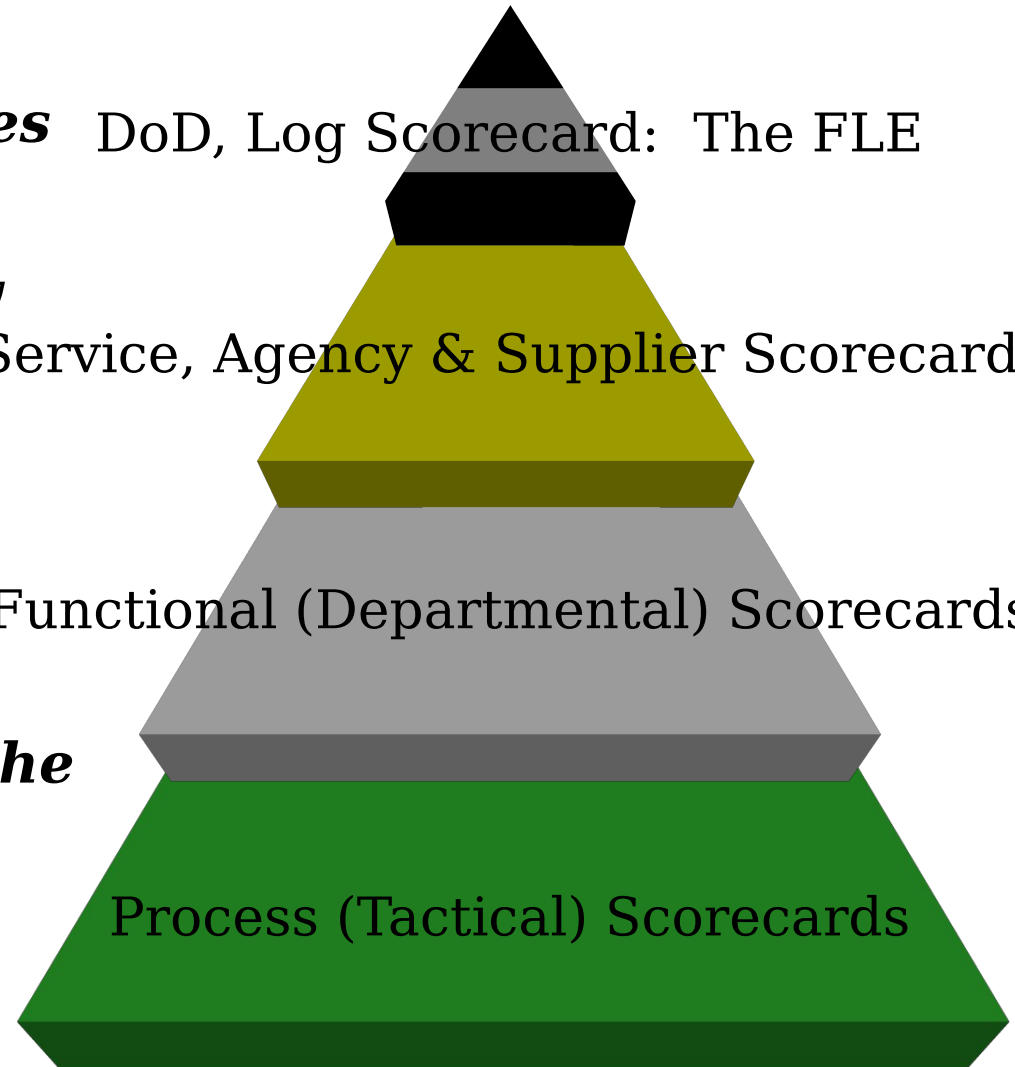
DoD Domain View

Navy ERP View



Designing in Performance Based Logistics

- ***A desired FLE outcome requires a set of activities to achieve it.*** DoD, Log Scorecard: The FLE
- ***Each supporting activity can be measured.*** Service, Agency & Supplier Scorecards
- ***Each measurement then decomposes into more granular supporting activities.*** Functional (Departmental) Scorecards
- ***Eventually we arrive at the tactical process level.*** Process (Tactical) Scorecards



Drive process, impact result



Logistics Processes

Logistics Process Metrics

Logistics Results Metrics

Warfighter Results Metrics

Maintenance

Predictability

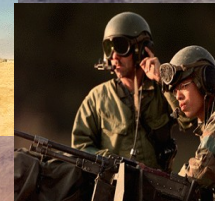
Affordability

Reliability

Effectiveness

Log Chain Operations

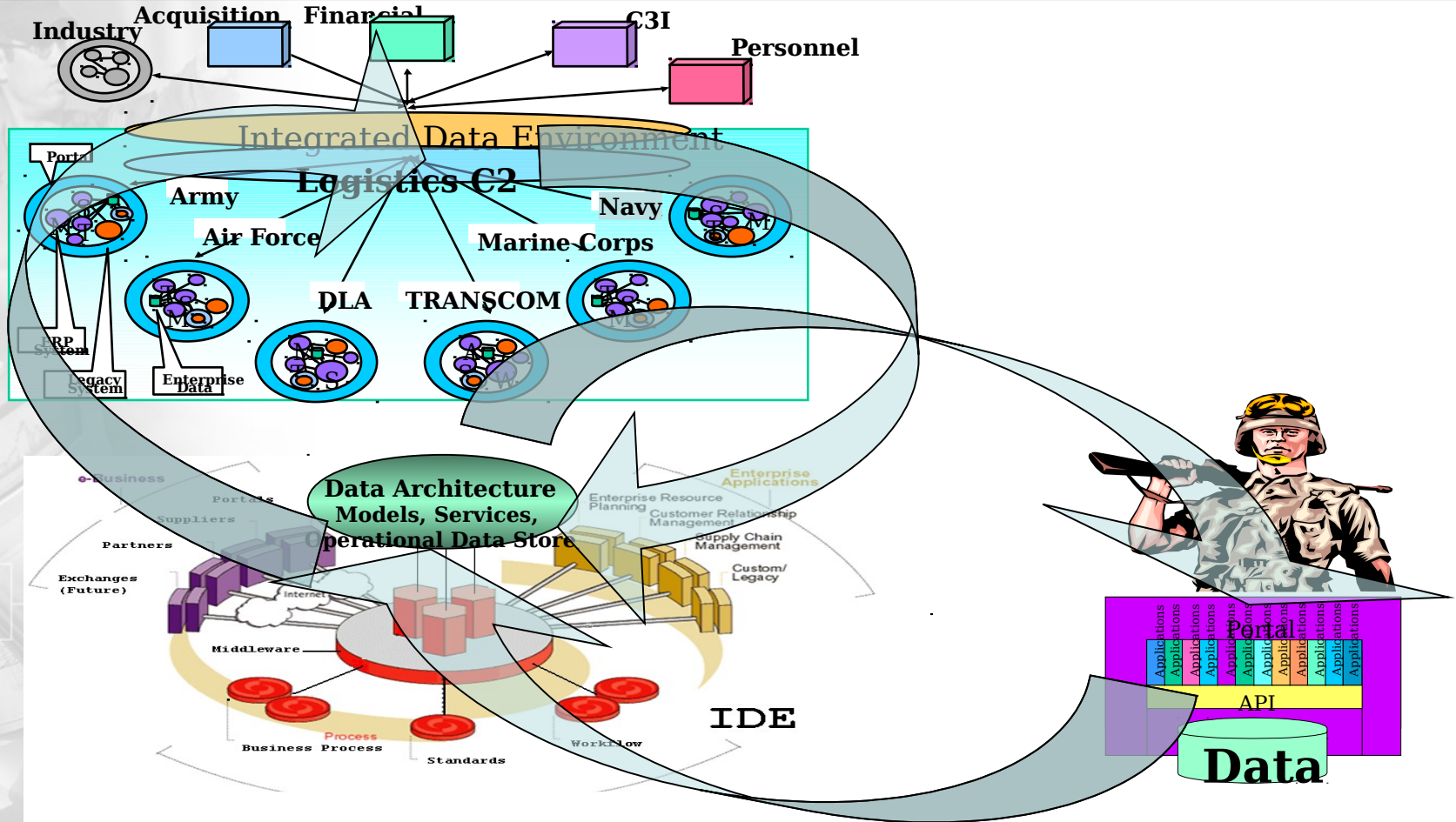
Systems & Policies



- Force Closure
- Force Readiness
 - Mission Capable
 - Sustainable

• **BAGHDAD FALLS**

Integrated, Functioning, Cohesive Data Strategy



Data is the Key to An Integrated Functioning Future Logistics Enterprise

Logistics ROI (Return on Investment)

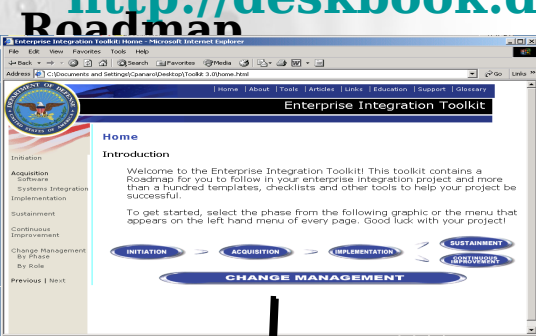


Effective use of funds leveraged to enable the right processes and add value for the Warfighter



DOD Enterprise Integration Toolkit

<http://deskbook.dau.mil/software/gen>



Activities

Phased Acquisition Lifecycle
Systematic Sequence of Activities to Complete Each Phase

Step-by-Step process For each

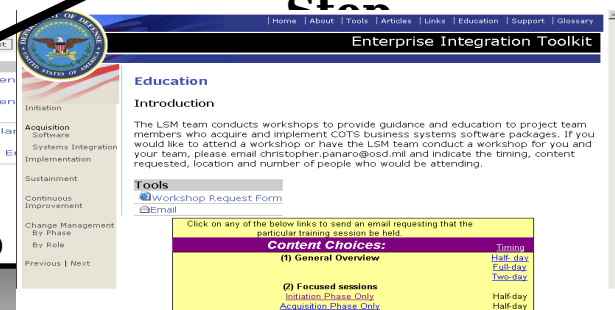
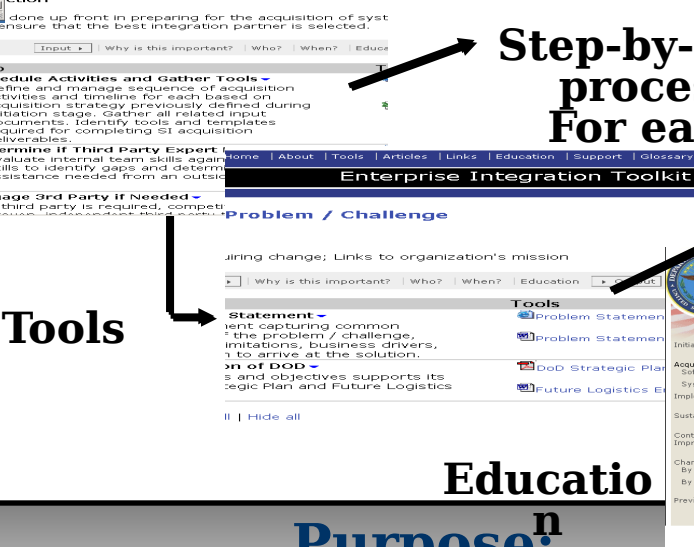
Tools to help complete each Step

Tools

Education

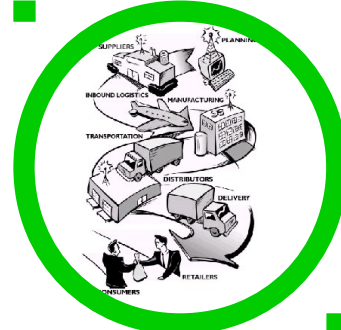
Purpose:

To provide a proven process and a comprehensive suite of tools to assist Program Managers, Change Managers and other key project team members in deploying best practices in the acquisition and implementation of COTS business systems software



Maintain Process, Not Functional, Orientation

- **Systems thinking, not reductionistic thinking**
- **Do not optimize all the smallest particles, but understand interactions to make best trade-offs**

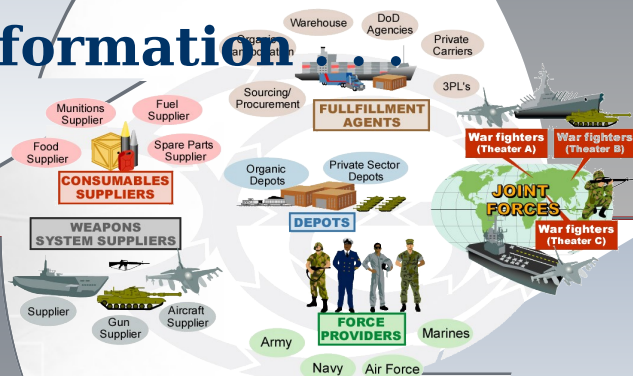


- **A telescope is better tool than a microscope - look at the biggest picture, and the long-term considerations - at processes, not activities**
- **Every process must have a customer and an owner**
- **Platinum rule! Do unto customers as they want to be done unto**



Enterprise Integration End State

Linking people,
processes
& information



... to seamlessly deliver
warfighting capability.

Highly trained and
skilled people within
the DoD Logistics
Enterprise have
access to near real
time, actionable
information

...provided by
modern,
commercially-based
software products

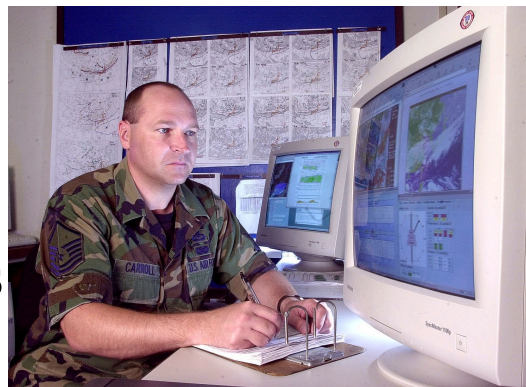
...that have been
rapidly implemented
to enable



Many Will Benefit From This Effort

Within DoD...

- The Warfighter
- Decision-makers
- Employees



...and beyond

- Taxpayers
- Congress
- Homeland Defense Mission
- Families of the Warfighter





Activities Critical to DoD Success

Promote culture towards enterprise standards and practices

Implement Education and Training Plan

Set clear goals and post progress against those goals

Share successful business processes and rules, policies, and procedures

Evolve all aspects of the business resources

Support information flow and engage in two-way communication

Utilize Incentives Program



We Have A Plan And Are Executing Against It



**Maintain, Extend, &
Integrate BEA**

**Maintain & Extend
the Repository**

**Maintain & Update
Enterprise
Transition Plan**

**Integrate w/NII -
Enterprise Level
Services & Standards**

**BEA Enterprise
Integration - Across
Domains**



Department of Defense
Business Management Modernization Program

Home Overview Architecture Governance Transition Mission Solution Actions

Quick Links
Select Domain Area >
Architecture Products
All Views (AV) >
Operational View (OV) >
System View (SV) >
Technical View (TV) >
Supplemental Materials
Other Architecture Products >
Transition Plan >
Compliance White Papers >

"The war on terrorism does not supplant the need to transform DoD; instead, we must accelerate our organizational, operational, business, and process reforms."

Donald B. Rumsfeld
Secretary of Defense

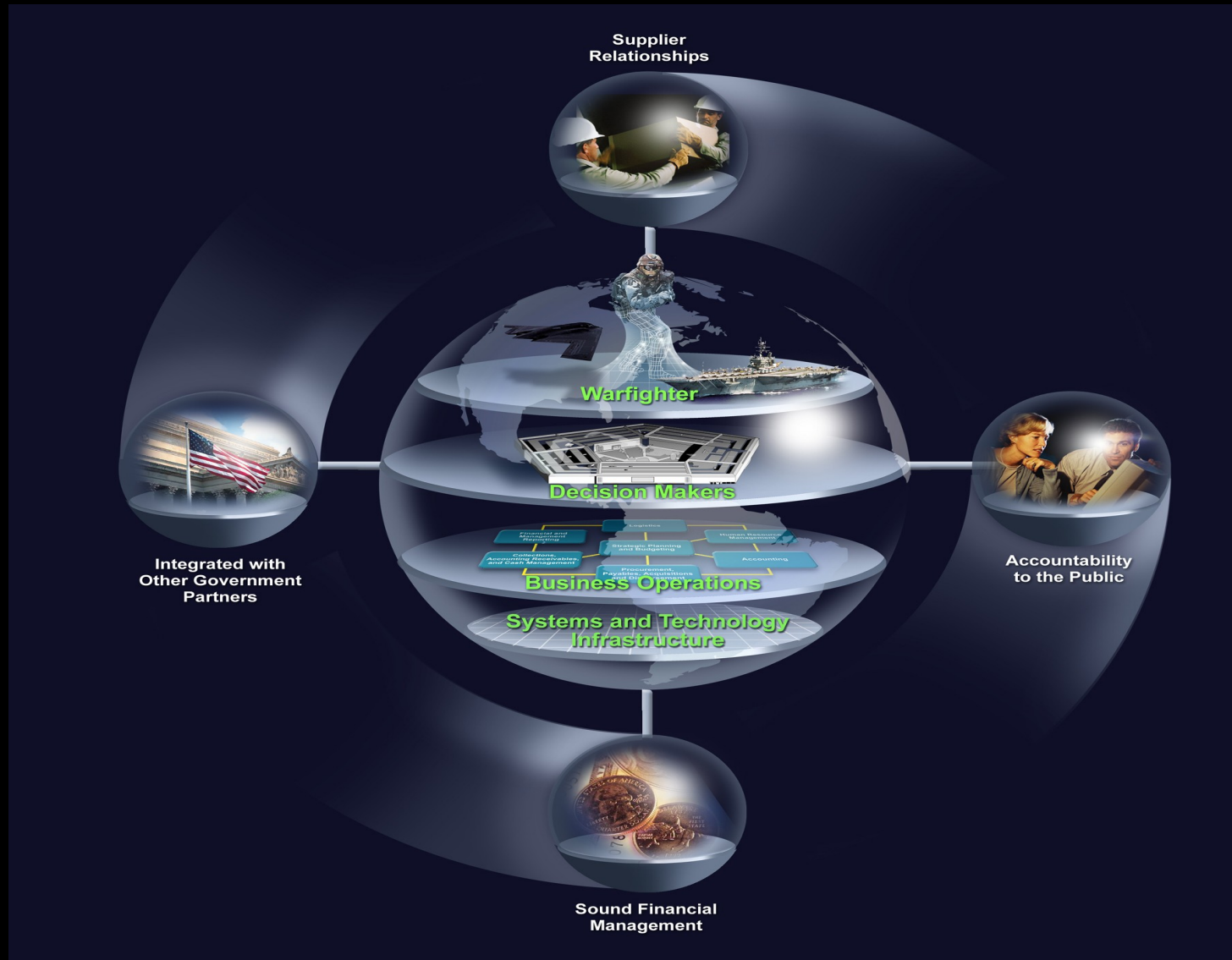
The U.S. Military is in a state of transformation, creating the force that is "dominant across the full spectrum of military operations - pervasive in peace, decisive in war, preeminent in any form of conflict."¹ Clearly, national security is reliant on innovation in core combat-related areas. Less obvious and equally as challenging is the importance of innovation in mission essential, non-combat related areas that provide the foundation for military readiness. The Business Management Modernization Program (BMMP) was established to address that challenge.

DoD's Financial Architecture gets a new name
GCN (May 2, 2003)
The DoD's Financial Management Modernization Program Office yesterday became the Business

BMMP continues to earn a Green light from the Office of Management and Budget (OMB) on the President's Management Scorecard for the

- Visit the program website at <http://www.dod.mil/comptroller/bmmp/>
- Submit questions and comments from the website or send a message to askfmmp@dfas.mil

Business Enterprise Architecture



World-Class Business Operations in Support of the